

Adopted	Rejected
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COMMITTEE REPORT

YES:	14
NO:	0

MR. SPEAKER:

*Your Committee on Insurance, Corporations and Small Business, to which was referred Senate Bill 453, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

1 Page 1, between the enacting clause and line 1, begin a new
2 paragraph and insert:
3 "SECTION 1. IC 5-10-8-2.8 IS ADDED TO THE INDIANA CODE
4 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
5 1, 2004]: **Sec. 2.8. (a) As used in this section, "pilot project" refers**
6 **to the school corporation health benefit pilot project established**
7 **by the state personnel department under subsection (d).**
8 **(b) As used in this section, "state employee health plan"**
9 **means:**
10 **(1) the self-insurance program established by the state**
11 **personnel department under section 7(b) of this chapter; or**

1 (2) a contract with a prepaid health care delivery plan
2 entered into by the state personnel department under section
3 7(c) of this chapter.

4 (c) Notwithstanding any other provision of this chapter to the
5 contrary, and notwithstanding IC 20-5-2-2(14), a school
6 corporation may:

- 7 (1) apply to participate in the pilot project; and
8 (2) if chosen by the department of insurance, participate in
9 the pilot project.

10 (d) The state personnel department, in cooperation with the
11 department of insurance, shall develop and implement a school
12 corporation health benefit pilot project. The pilot project:

- 13 (1) must enable ten (10) school corporations that:
14 (A) apply for participation in the project; and
15 (B) are chosen by the department of insurance;
16 to provide coverage of health care services for active and
17 retired employees of the school corporation under a state
18 employee health plan that covers active state employees and
19 is chosen by the school corporation; and
20 (2) must be established not later than January 1, 2005.

21 (e) The pilot project must do the following:

- 22 (1) Specify participation requirements, including minimum
23 participation and contribution requirements, and an
24 application process for school corporations that wish to apply.
25 (2) Provide for the department of insurance to choose ten
26 (10) eligible school corporations for participation in the
27 project.
28 (3) Provide for enrollment of the active and retired
29 employees of the participating school corporations in a state
30 employee health plan not later than June 30, 2005.
31 (4) Provide for coverage of the active and retired employees
32 of the participating school corporations under the state
33 employee health plan until a date not earlier than June 30,
34 2010, and not later than December 31, 2010.
35 (5) Require the state personnel department to provide to the

legislative council in an electronic format under IC 5-14-6:

(A) an annual report not later than July 1 of each year;
and

(B) a final report, including aggregate information, not
later than July 1, 2011;

concerning the effect of the participation in the state
employee health plan by the active and retired employees of
the school corporation employees, including the effect on
premium rates, costs to the state and to the school
corporations, and any other information determined relevant
by the legislative council.

(6) Conclude insurance coverage not later than December 31,
2010.

(f) A school corporation that participates in the pilot project
under this section shall provide for payment of the premium for
the coverage as provided in section 2.6 of this chapter. The state
shall not pay any part of the premium for the coverage. The
administrator of the state employee health plan described in
subsection (b)(1) shall not pay any part of the administrative cost
or other costs of the coverage.

(g) The state personnel department may adopt rules under
IC 4-22-2 to implement this section.

(h) This section expires December 31, 2011.

SECTION 2. IC 20-5-2-2, AS AMENDED BY P.L.286-2001,
SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
UPON PASSAGE]: Sec. 2. In carrying out the school purposes of each
school corporation, its governing body acting on its behalf shall have
the following specific powers:

(1) In the name of the school corporation, to sue and be sued and
to enter into contracts in matters permitted by applicable law.

(2) To take charge of, manage, and conduct the educational
affairs of the school corporation and to establish, locate, and
provide the necessary schools, school libraries, other libraries
where permitted by law, other buildings, facilities, property, and
equipment therefor.

(2.5) To appropriate from the general fund an amount, not to

1 exceed the greater of three thousand dollars (\$3,000) per budget
2 year or one dollar (\$1) per pupil, not to exceed twelve thousand
3 five hundred dollars (\$12,500), based upon the school
4 corporation's previous year's average daily membership (as
5 defined in IC 21-3-1.6-1.1) for the purpose of promoting the best
6 interests of the school corporation by:

7 (A) the purchase of meals, decorations, memorabilia, or
8 awards;

9 (B) provision for expenses incurred in interviewing job
10 applicants; or

11 (C) developing relations with other governmental units.

12 (3) To acquire, construct, erect, maintain, hold, and to contract
13 for such construction, erection, or maintenance of such real
14 estate, real estate improvements, or any interest in either, as the
15 governing body deems necessary for school purposes, including
16 but not limited to buildings, parts of buildings, additions to
17 buildings, rooms, gymnasiums, auditoriums, playgrounds, playing
18 and athletic fields, facilities for physical training, buildings for
19 administrative, office, warehouse, repair activities, or housing of
20 school owned buses, landscaping, walks, drives, parking areas,
21 roadways, easements and facilities for power, sewer, water,
22 roadway, access, storm and surface water, drinking water, gas,
23 electricity, other utilities and similar purposes, by purchase, either
24 outright for cash (or under conditional sales or purchases money
25 contracts providing for a retention of a security interest by seller
26 until payment is made or by notes where such contract, security
27 retention, or note is permitted by applicable law), by exchange, by
28 gift, by devise, by eminent domain, by lease with or without
29 option to purchase, or by lease under IC 21-5-10, IC 21-5-11, or
30 IC 21-5-12. To repair, remodel, remove, or demolish any such
31 real estate, real estate improvements, or interest in either, as the
32 governing body deems necessary for school purposes, and to
33 contract therefor. To provide for energy conservation measures
34 through utility energy efficiency programs or under a guaranteed
35 energy savings contract as described in IC 36-1-12.5.

36 (4) To acquire such personal property or any interest therein as
37 the governing body deems necessary for school purposes,

including but not limited to buses, motor vehicles, equipment, apparatus, appliances, books, furniture, and supplies, either by outright purchase for cash, or under conditional sales or purchase money contracts providing for a security interest by the seller until payment is made or by notes where such contract, security, retention, or note is permitted by applicable law, by gift, by devise, by loan, or by lease with or without option to purchase and to repair, remodel, remove, relocate, and demolish such personal property. All purchases and contracts delineated under the powers given under subdivision (3) and this subdivision shall be subject solely to applicable law relating to purchases and contracting by municipal corporations in general and to the supervisory control of agencies of the state as provided in section 3 of this chapter.

(5) To sell or exchange any of such real or personal property or interest therein, which in the opinion of the governing body is not necessary for school purposes, in accordance with IC 20-5-5, to demolish or otherwise dispose of such property if, in the opinion of the governing body, it is not necessary for school purposes and is worthless, and to pay the expenses for such demolition or disposition.

(6) To lease any school property for a rental which the governing body deems reasonable or to permit the free use of school property for:

(A) civic or public purposes; or

(B) the operation of a school age child care program for children aged five (5) through fourteen (14) years that operates before or after the school day, or both, and during periods when school is not in session;

if the property is not needed for school purposes. Under this subdivision, the governing body may enter into a long term lease with a nonprofit corporation, community service organization, or other governmental entity, if the corporation, organization, or other governmental entity will use the property to be leased for civic or public purposes or for a school age child care program. However, if the property subject to a long term lease is being paid for from money in the school corporation's debt service fund, then all proceeds from the long term lease shall be deposited in

1 that school corporation's debt service fund so long as the property
2 has not been paid for. The governing body may, at its option, use
3 the procedure specified in IC 36-1-11-10 in leasing property under
4 this subdivision.

5 (7) To employ, contract for, and discharge superintendents,
6 supervisors, principals, teachers, librarians, athletic coaches
7 (whether or not they are otherwise employed by the school
8 corporation and whether or not they are licensed under
9 IC 20-6.1-3), business managers, superintendents of buildings and
10 grounds, janitors, engineers, architects, physicians, dentists,
11 nurses, accountants, teacher aides performing noninstructional
12 duties, educational and other professional consultants, data
13 processing and computer service for school purposes, including
14 but not limited to the making of schedules, the keeping and
15 analyzing of grades and other student data, the keeping and
16 preparing of warrants, payroll, and similar data where approved by
17 the state board of accounts as provided below, and such other
18 personnel or services, all as the governing body considers
19 necessary for school purposes. To fix and pay the salaries and
20 compensation of such persons and such services. To classify
21 such persons or services and to adopt schedules of salaries or
22 compensation. To determine the number of such persons or the
23 amount of services thus employed or contracted for. To determine
24 the nature and extent of their duties. The compensation, terms of
25 employment, and discharge of teachers shall, however, be subject
26 to and governed by the laws relating to employment, contracting,
27 compensation, and discharge of teachers. The compensation,
28 terms of employment, and discharge of bus drivers shall be
29 subject to and shall be governed by any laws relating to
30 employment, contracting, compensation, and discharge of bus
31 drivers. The forms and procedures relating to the use of computer
32 and data processing equipment in handling the financial affairs of
33 such school corporation shall be submitted to the state board of
34 accounts for approval to the end that such services shall be used
35 by the school corporation when the governing body determines
36 that it is in the best interests of the school corporation while at the
37 same time providing reasonable accountability for the funds

- 1 expended.
- 2 (8) Notwithstanding the appropriation limitation in subdivision
3 (2.5), when the governing body by resolution deems a trip by an
4 employee of the school corporation or by a member of the
5 governing body to be in the interest of the school corporation,
6 including but not limited to attending meetings, conferences, or
7 examining equipment, buildings, and installation in other areas, to
8 permit such employee to be absent in connection with such trip
9 without any loss in pay and to refund to such employee or to such
10 member ~~his~~ reasonable hotel and board bills and necessary
11 transportation expenses. To pay teaching personnel for time spent
12 in sponsoring and working with school related trips or activities.
- 13 (9) To transport children to and from school, when in the opinion
14 of the governing body such transportation is necessary, including
15 but not limited to considerations for the safety of such children
16 and without regard to the distance they live from the school, such
17 transportation to be otherwise in accordance with the laws
18 applicable thereto.
- 19 (10) To provide a lunch program for a part or all of the students
20 attending the schools of the school corporation, including but not
21 limited to the establishment of kitchens, kitchen facilities, kitchen
22 equipment, lunch rooms, the hiring of the necessary personnel to
23 operate such program, and the purchase of any material and
24 supplies therefor, charging students for the operational costs of
25 such lunch program, fixing the price per meal or per food item.
26 To operate such lunch program as an extracurricular activity,
27 subject to the supervision of the governing body. To participate in
28 any surplus commodity or lunch aid program.
- 29 (11) To purchase textbooks, to furnish them without cost or to
30 rent them to students, to participate in any textbook aid program,
31 all in accordance with applicable law.
- 32 (12) To accept students transferred from other school
33 corporations and to transfer students to other school corporations
34 in accordance with applicable law.
- 35 (13) To levy taxes, to make budgets, to appropriate funds, and to
36 disburse the money of the school corporation in accordance with
37 the laws applicable thereto. To borrow money against current tax

collections and otherwise to borrow money, in accordance with IC 20-5-4.

(14) To purchase insurance, ~~or to~~ establish and maintain a program of self-insurance, **or enter into an interlocal agreement with one (1) or more school corporations to establish and maintain a cooperative risk management program under IC 20-5-2.7**, relating to the liability of the school corporation or its employees in connection with motor vehicles or property and for any additional coverage to the extent permitted and in accordance with IC 34-13-3-20. To purchase additional insurance, ~~or to~~ establish and maintain a program of self-insurance, **or enter into an interlocal agreement with one (1) or more school corporations to establish and maintain a cooperative risk management program under IC 20-5-2.7**, protecting the school corporation and members of the governing body, employees, contractors, or agents of the school corporation from any liability, risk, accident, or loss related to any school property, school contract, school or school related activity, including but not limited to the purchase of insurance or the establishment and maintenance of a self-insurance program protecting such persons against false imprisonment, false arrest, libel, or slander for acts committed in the course of their employment, protecting the school corporation for fire and extended coverage and other casualty risks to the extent of replacement cost, loss of use, and other insurable risks relating to any property owned, leased, or held by the school corporation.

To:

(A) participate in a state employee health plan under IC 5-10-8-6.6;

(B) purchase insurance; or

(C) establish and maintain a program of self-insurance;

to benefit school corporation employees, which may include accident, sickness, health, or dental coverage, provided that any plan of self-insurance shall include an aggregate stop-loss provision.

(15) To make all applications, to enter into all contracts, and to sign all documents necessary for the receipt of aid, money, or

1 property from the state government, the federal government, or
2 from any other source.

3 (16) To defend any member of the governing body or any
4 employee of the school corporation in any suit arising out of the
5 performance of ~~his~~ **the member's or employee's** duties for or
6 employment with, the school corporation, provided the governing
7 body by resolution determined that such action was taken in good
8 faith. To save any such member or employee harmless from any
9 liability, cost, or damage in connection therewith, including but not
10 limited to the payment of any legal fees, except where such
11 liability, cost, or damage is predicated on or arises out of the bad
12 faith of such member or employee, or is a claim or judgment
13 based on ~~his~~ **the member's or employee's** malfeasance in office
14 or employment.

15 (17) To prepare, make, enforce, amend, or repeal rules,
16 regulations, and procedures for the government and management
17 of the schools, property, facilities, and activities of the school
18 corporation, its agents, employees, and pupils and for the
19 operation of its governing body, which rules, regulations, and
20 procedures may be designated by any appropriate title such as
21 "policy handbook", "bylaws", or "rules and regulations".

22 (18) To ratify and approve any action taken by any member of the
23 governing body, any officer of the governing body, or by any
24 employee of the school corporation after such action is taken, if
25 such action could have been approved in advance, and in
26 connection therewith to pay any expense or compensation
27 permitted under IC 20-5-1 through IC 20-5-6 or any other law.

28 (19) To exercise any other power and make any expenditure in
29 carrying out its general powers and purposes provided in this
30 chapter or in carrying out the powers delineated in this section
31 which is reasonable from a business or educational standpoint in
32 carrying out school purposes of the school corporation, including
33 but not limited to the acquisition of property or the employment or
34 contracting for services, even though such power or expenditure
35 shall not be specifically set out herein. The specific powers set out
36 in this section shall not be construed to limit the general grant of
37 powers provided in this chapter except where a limitation is set

out in IC 20-5-1 through IC 20-5-6 by specific language or by reference to other law.

SECTION 3. IC 20-5-2.7 IS ADDED TO THE INDIANA CODE AS NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 2.7. Cooperative Risk Management Programs

Sec. 1. As used in this chapter, "aggregate insurance coverage" means the coverage provided by an insurance contract that:

- (1) is purchased by a cooperative program; and**
- (2) provides excess coverage if the aggregate amount of claims submitted by member school corporations and payable by the self-insurance fund exceeds the total amount of self-insured risk retained by the members in a fiscal year.**

Sec. 2. As used in this chapter, "commissioner" means the insurance commissioner appointed under IC 27-1-1-2.

Sec. 3. As used in this chapter, "cooperative program" means a cooperative risk management program established under this chapter.

Sec. 4. As used in this chapter, "member" refers to a school corporation that enters into an interlocal agreement with another school corporation to establish a cooperative program.

Sec. 5. As used in this chapter, "self-insurance fund" means an actuarially sound fund established by a cooperative program as a reserve to cover self-insured risk retained by the members for losses covered under this chapter and to pay premiums for aggregate insurance coverage and specific insurance coverage required under this chapter.

Sec. 6. As used in this chapter, "specific insurance coverage" means the coverage provided by one (1) or more insurance contracts that:

- (1) are purchased by a cooperative program; and**
- (2) provide excess coverage for a part of a specific claim that exceeds the amount covered by the self-insurance fund.**

Sec. 7. (a) Two (2) or more school corporations may enter into an interlocal agreement under IC 36-1-7 to establish a cooperative

1 risk management program through which the school corporations
 2 agree to maintain a program of joint self-insurance to cover
 3 certain retained risks and to jointly purchase aggregate insurance
 4 coverage and specific insurance coverage, including the following:

5 (1) Casualty insurance, including general and professional
 6 liability coverage and student accident insurance.

7 (2) Property insurance.

8 (3) Automobile insurance, including motor vehicle liability
 9 insurance coverage and security for motor vehicles owned or
 10 operated, and protection against other liability and loss
 11 associated with the ownership of motor vehicles.

12 (4) Surety and fidelity insurance coverage.

13 (5) Umbrella and excess insurance coverage.

14 (6) Worker's compensation coverage.

15 (b) A cooperative program established under this chapter is a
 16 separate legal entity with the power to:

17 (1) sue and be sued;

18 (2) make contracts; and

19 (3) hold and dispose of real and personal property.

20 Sec. 8. A cooperative program established under this chapter
 21 is subject to regulation by the department of insurance created by
 22 IC 27-1-1-1.

23 Sec. 9. (a) A cooperative program shall:

24 (1) establish a self-insurance fund with an aggregate limit on
 25 the total amount of self-insured risk retained by the
 26 members in a fiscal year; and

27 (2) maintain aggregate insurance coverage and specific
 28 insurance coverage.

29 (b) A self-insurance fund established under subsection (a) must
 30 be funded at the beginning of each fiscal year by a contribution
 31 from each member in an amount that reflects the member's share
 32 of self-insured risk and other costs of the cooperative program.

33 (c) Annual contributions to the self-insurance fund under
 34 subsection (b) must be:

35 (1) determined using generally accepted actuarial standards;

- (2) set to fund at least one hundred percent (100%) of the self-insured risk retained by the members in a fiscal year plus the other costs of the cooperative program, including premiums for aggregate insurance coverage and specific insurance coverage; and
- (3) approved by the commissioner.

Sec. 10. (a) An interlocal agreement entered into under section 7 of this chapter must:

- (1) establish the cooperative program as a separate legal entity; and
- (2) specify the organization, composition, and powers of the governing authority of the cooperative program as required by IC 36-1-7-3.

(b) The governing authority of the cooperative program shall adopt bylaws concerning the following:

- (1) A financial plan setting forth in general terms:
 - (A) the types of risks covered under the cooperative program;
 - (B) the aggregate limit on the total amount of self-insured risk retained by the cooperative program in a fiscal year;
 - (C) the minimum amount of specific insurance coverage and aggregate insurance coverage that must be maintained by the cooperative program; and
 - (D) the procedure for determining each member's annual contribution to the self-insurance fund.
- (2) A plan of management that provides for:
 - (A) the responsibility of the governing authority with regard to:
 - (i) maintaining the amount of reserves in the self-insurance fund;
 - (ii) disposing of surpluses; and
 - (iii) administering the cooperative program in the event of termination;
 - (B) the basis on which new members may be admitted to, and existing members may leave, the cooperative

1 program, including a provision specifying that an existing
 2 member may not leave the cooperative program unless
 3 the member's departure is specifically approved by the
 4 commissioner; and

5 (C) other provisions necessary or desirable for the
 6 operation of the cooperative program.

7 (c) The following must be submitted to and approved by the
 8 commissioner before a cooperative program may commence
 9 operations:

10 (1) The interlocal agreement described in subsection (a).

11 (2) The bylaws described in subsection (b).

12 (3) The form and purchase by the cooperative program of any
 13 insurance contracts, including contracts for aggregate
 14 insurance coverage and specific insurance coverage.

15 (4) An accounting, based on generally accepted actuarial
 16 standards, of sufficient reserves committed before
 17 commencement of operations to pay obligations of the
 18 cooperative program.

19 (5) Each coverage document form to be issued by the
 20 cooperative program.

21 (6) Any other information determined necessary by the
 22 commissioner.

23 (d) If the commissioner does not disapprove the information
 24 submitted under subsection (c) earlier than thirty (30) days after
 25 the information is submitted, the information is considered
 26 approved.

27 Sec. 11. (a) A cooperative program shall have an annual audit
 28 performed by an independent certified public accounting firm
 29 according to guidelines established by the state board of accounts.

30 (b) Not later than one hundred eighty (180) calendar days after
 31 the close of a cooperative program's fiscal year, the cooperative
 32 program must furnish the cooperative program's members with
 33 audited financial statements certified by an independent certified
 34 public accounting firm.

35 (c) Copies of the audit report and certified financial statements

1 required under this section must be provided to the commissioner
 2 and the state board of accounts not later than one hundred eighty
 3 (180) calendar days after the close of the cooperative program's
 4 fiscal year.

5 (d) If a cooperative program fails to have the annual audit
 6 performed as required by subsection (a), the commissioner shall
 7 cause the audit to be performed at the expense of the cooperative
 8 program.

9 (e) The working papers of the certified public accountant and
 10 other records pertaining to the preparation of the audited
 11 financial statements required under this section may be reviewed
 12 by the commissioner.

13 **Sec. 12. The assets of a cooperative program must be:**

- 14 (1) treated as a joint investment fund under IC 20-5-11-5;
- 15 and
- 16 (2) invested under IC 5-13-9 in the same manner as other
- 17 public funds.

18 **Sec. 13. Not later than sixty (60) calendar days after the**
 19 **beginning of a cooperative program's fiscal year, the governing**
 20 **authority shall submit the following to the commissioner:**

- 21 (1) A copy of the bylaws adopted by the cooperative program.
- 22 (2) A copy of each coverage document form issued by the
- 23 cooperative program.
- 24 (3) A copy of the insurance contracts purchased by the
- 25 cooperative program, including contracts for aggregate
- 26 insurance coverage and specific insurance coverage.
- 27 (4) A copy of the interlocal agreement.

28 **Sec. 14. (a) If a cooperative program fails to comply with the**
 29 **requirements of this chapter, the commissioner shall issue a**
 30 **notice of noncompliance to the cooperative program.**

31 (b) Not later than thirty (30) calendar days after a cooperative
 32 program receives a notice of noncompliance under subsection (a),
 33 the cooperative program shall file with the commissioner a written
 34 request for time to restore compliance and a plan to restore
 35 compliance.

(c) The commissioner, on receiving the written request and plan to restore compliance filed under subsection (b), may allow a period of one (1) year or less, as determined by the commissioner, during which the cooperative program may restore compliance.

(d) If a plan to restore compliance is:

(1) not filed under subsection (b);

(2) filed under subsection (b) and not approved by the commissioner; or

(3) filed under subsection (b), approved by the commissioner, and at the end of the period determined by the commissioner under subsection (c) the cooperative program is not in compliance with this chapter;

the commissioner may grant additional time to comply, or the commissioner may suspend, limit, or terminate the authority of the cooperative program to do business in this state.

(e) A cooperative program is subject to IC 27-9.

(f) A cooperative program shall be considered a member insurer for purposes of IC 27-6-8.

Sec. 15. (a) Motor vehicle coverage provided by a cooperative program must provide the ability for a member to respond in damages for liability arising out of the ownership, maintenance, or use of a motor vehicle in amounts at least equal to the amounts required under IC 9-25-4.

(b) A member that participates in the motor vehicle coverage provided by a cooperative program is considered to meet the financial responsibility requirements set forth in IC 9-25-4, and an application for a certificate of self-insurance under IC 9-25-4-11 is not required.

Sec. 16. Information regarding the:

(1) portion of funds; or

(2) liability reserve;

established by a cooperative program to satisfy a specific claim or cause of action is confidential and is not subject to subpoena or order to produce, except in a supplementary or an ancillary

1 **proceeding to enforce a judgment. This section does not prohibit**
 2 **the commissioner from obtaining the information described in this**
 3 **section.**

4 **Sec. 17. The department of insurance may adopt rules under**
 5 **IC 4-22-2 to implement this chapter.**

6 SECTION 4. IC 21-2-5.6-2 IS AMENDED TO READ AS
 7 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. The
 8 self-insurance fund may be used to provide monies for the following
 9 purposes:

10 (1) the payment of any judgment rendered against the school
 11 corporation, or rendered against any officer or employee of the
 12 school corporation for which the school corporation is liable under
 13 IC 34-13-2, IC 34-13-3, or IC 34-13-4 (or IC 34-4-16.5,
 14 IC 34-4-16.6, or IC 34-4-16.7 before their repeal);

15 (2) the payment of any claim or settlement for which the school
 16 corporation is liable pursuant to IC 34-13-2, IC 34-13-3, or
 17 IC 34-13-4 (or IC 34-4-16.5, IC 34-4-16.6, or IC 34-4-16.7
 18 before their repeal);

19 (3) the payment of any premium, management fee, claim, or
 20 settlement for which the school corporation is liable pursuant to
 21 any federal or state statute including but not limited to payments
 22 pursuant to IC 22-3 and IC 22-4; ~~or~~

23 (4) the payment of any settlement or claim for which insurance
 24 coverage is permitted under IC 20-5-2-2(14); **or**

25 **(5) the payment of a contribution to the self-insurance fund**
 26 **of a cooperative risk management program under**
 27 **IC 20-5-2.7-9.**

28 SECTION 5. IC 27-6-8-3 IS AMENDED TO READ AS FOLLOWS
 29 [EFFECTIVE UPON PASSAGE]: Sec. 3. **(a)** This chapter applies to all
 30 kinds of direct insurance except:

31 (1) life, annuity, health, or disability insurance;

32 (2) mortgage guaranty, financial guaranty, or other forms of
 33 insurance offering protection against investment risks;

34 (3) fidelity or surety bonds, or any other bonding obligations;

35 (4) credit insurance, vendors' single interest insurance, or
 36 collateral protection insurance or similar insurance with the
 37 primary purpose of protecting the interests of a creditor arising

- out of a creditor-debtor transaction;
- (5) warranty or service contract insurance;
- (6) title insurance;
- (7) ocean marine insurance;
- (8) a transaction between a person or an affiliate of a person and an insurer or an affiliate of an insurer that involves the transfer of investment or credit risk without a transfer of insurance risk;
- (9) insurance provided by or guaranteed by a government entity;
- and
- (10) insurance written on a retroactive basis to cover known losses for which a claim has already been made and the claim is known to the insurer at the time the insurance is bound.

(b) This chapter applies to coverage provided under a cooperative program established under IC 20-5-2.7. For purposes of this chapter, a cooperative program is considered to be a member insurer."

Page 10, after line 25, begin a new paragraph and insert:

"SECTION 10. IC 27-9-1-1, AS AMENDED BY P.L.5-2000, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. Proceedings under this article apply to the following:

- (1) All insurers who are doing, or who have done, insurance business in Indiana, and against whom claims arising from that business may exist.
- (2) All insurers who purport to do insurance business in Indiana.
- (3) All insurers who have insureds resident in Indiana.
- (4) All other persons organized or in the process of organizing with the intent to do an insurance business in Indiana.
- (5) All nonprofit service plans, fraternal benefit societies, and beneficial societies.
- (6) All title insurance companies.
- (7) All health maintenance organizations under IC 27-13.
- (8) All multiple employer welfare arrangements under IC 27-1-34.
- (9) All limited service health maintenance organizations under IC 27-13-34.
- (10) All mutual insurance holding companies under IC 27-14.

- 1 **(11) All cooperative programs established under IC 20-5-2.7.**
- 2 **SECTION 11. An emergency is declared for this act."**
- 3 Renumber all SECTIONS consecutively.
 (Reference is to SB 453 as reprinted February 4, 2004.)

and when so amended that said bill do pass.

Representative Fry